



**Curio Wellness Written Comments  
SB0516 Hearing – Thursday, March 9, 2023**

**Founded and based in Maryland, [Curio Wellness](#) is a family-owned and operated cGMP certified cannabis company and trusted healthcare partner. We're dedicated to increasing the accessibility of high-quality cannabis to the growing population of citizens who seek safe, effective, and reliable products. Available in over 90 dispensaries across Maryland, our focus on **innovative and high-quality products and services** has made Curio the market leader in Maryland. Moreover, as an organization, Curio knows that a **diverse and inclusive workforce** creates an optimum workplace that attracts and retains talented employees and loyal customers. In fact, this commitment to diversity has been **present since inception** with Curio's inaugural leadership team comprising a multi-racial group of men and women. As the company has grown, so has its focus on a diverse team of workers and leaders. **Overall, 45% of the Curio Wellness workforce is female and 41% identifies as Black, Hispanic, Asian, or multi-racial. Among management, 48% are female and 21% identify as Black, Hispanic, or multi-racial.****

We appreciate the efforts of the Maryland Senate and House over the last several years and want to thank Senators Feldman and Hayes for their leadership on this transformative legislation. Crafting legislation of this nature is undoubtedly challenging and we recognize the nuance and balance needed to address the plethora of industry-related stakeholders. While Curio agrees with many of the provisions set forth in SB0516 and the program start date of July 1, 2023, below are some of our most pressing concerns.

**SUBSTANTIVE CONCERNS**

**I. DOSAGING**

A dosage distinction between medical and adult use cannabis is absent from the bill text. It is commonplace for this potency delineation to appear in the law itself and **we urge the General Assembly to provide clarity on this matter** rather than solely deferring to the regulator. As a matter of public safety, a dosage requirement is necessary as we introduce cannabis to all of-age Marylanders. Certainly, there are doses and delivery methods for cannabis that should remain exclusive to medical patients and are not recommended for everyone.

Additionally, we believe **high potency ingestible products should remain under the cGMP exemption, CFR 111, as they do today** in the medical program. This third-party accreditation **certifies a higher level of product quality, safety, and accountability**. As such, we would suggest the **unrestricted potency remain for medical patients** and that **adult-use** consumers be capped at **10mg per piece** with a 100mg max per package. In many ways, this is analogous to a prescription vs. over the counter (OTC) product – helping to **assure that new consumers are not over-served, and patient needs remain undisturbed**. As reference, the following states have set dosage limits for adult use consumers at:

- [NEW JERSEY Page 221 \(d\) 2 & 3:](#)  
**10mg per serving**, 100mg per package.
- [ARIZONA Page 44 R9-18-313. Edible Food Products 5b:](#)  
**10mg per serving**, 100mg per package.
- [CALIFORNIA Page 204 Article 2 Cannabinoid Concentration Limits \(a\) \(1\) \(2\):](#)  
**10mg per serving**, 100mg per package.
- [COLORADO:](#)  
**10mg per serving**, 100mg per package.
- [NEVADA NRS 678D.410 Requirements & restrictions concerning packaging and labeling:](#)  
**10mg per serving**, 100mg per package.
- [MA \(4\) Dosing Limitations:](#)  
**5mg per serving**, 110mg per package.

## II. CANOPY & LICENSING

Maryland's adult use program will turn on at a time when there has never been more data available around **best practices and economic realities of the cannabis industry**. We have seen how states have effectively expanded their medical programs to include adult use and those who have blundered the opportunity. Over the past 11 months, we have borne witness to first **major downturn** of the cannabis industry – a **sobering, and economically painful reality** experienced across the country and **here in Maryland**. This historical data provides clear direction with regards to the **delicate balance** required between **supply and demand** to ensure a viable legal market. This economic reality is further bolstered by the **punitive constraints** put upon the cannabis industry **due to our federal-state** conflict and the analysis by Ernst & Young. The **attachments provided** further explain the economic downturn and



the **impacts of over licensing and excessive canopy**, two primary pieces that contribute to **oversupply** and a **destabilized market**.

**Therefore, we respectfully request an amendment to the legislation to address the excessively high canopy cap of 300,000 sq. ft. and consider a more stable maximum canopy of 100,000 sq ft. per licensed grower.** With all existing and pre-approved cultivation licensees online, this suggested cap would provide the state with 2.2 million sq. ft. of canopy, which is more than enough to support the forthcoming demand of an adult use market in its earliest years -- and a total canopy commensurate with states like Massachusetts and Missouri that have a similar population to Maryland. Given the legislature's concern for preserved canopy, the lower cap not only helps to conserve future opportunity, but it also **puts new licensees in a better position to raise capital.**

As shared, the balance of the market depends not only on canopy, but overall number of licenses. The suggested endgame of **up to 75 standard cultivation licenses** is far too many even with a lower canopy cap. Again, **these inflated numbers send negative signals to the marketplace**, on the viability of Maryland's future, **and cause further retreat by investors, a message we have already begun to hear** as this bill is being contemplated by the Maryland General Assembly.

In hopes of ensuring an **equitable and economically viable** program, we recommend the following alterations:

Page 37 Lines 4-6 (*and all other appearances in the bill*)

(C) (1) A STANDARD LICENSE AUTHORIZES THE HOLDER OF THE LICENSE:

(I) FOR GROWERS, TO OPERATE MORE THAN 10,000 SQUARE FEET, BUT NOT MORE THAN ~~[300,000]~~ **100,000** SQUARE FEET, OF INDOOR CANOPY, **GREENHOUSE CANOPY**, OR ITS EQUIVALENT, AS CALCULATED BY THE DIVISION.

Page 41 Lines 2-3

(IV) FOR THE PURPOSE OF MEASURING CANOPY, 1 SQUARE FOOT OF INDOOR CANOPY **AND GREENHOUSE CANOPY** IS EQUAL TO 4 SQUARE FEET OF OUTDOOR **NO STRUCTURE** CANOPY.

### **III. FEES**

The proposed free structure for both conversion and renewal discount the impact 280e has on this industry-- particularly during a downturn in the overall market. Moreover, the **licenses the state awards** for each category type **have the same value and therefore all licensees within a particular category should be treated similarly.** The strength or weakness of any given operator is a byproduct of the vision, resolve, and execution of that team to actualize and efficiently run their business.



Therefore, we propose an equitable fee structure be bifurcated by license type: cultivation vs. processor vs. dispensary vs. laboratory, not tiered based on the success of any given business on a gross-revenue basis.

The Impact of federal constraints on this industry cannot be overstated and is an important consideration that the state must consider in the overall context of the cannabis markets.

As an example, we believe the following fee structure is appropriate relative to license type and means for license conversion and five-year renewal:

- Cultivators \$500,000
- Processors \$250,000
- Dispensaries \$100,000
- Laboratories \$100,000

We further encourage the legislature to consider that these fees are directly applied to addressing the capital needs of the HB2 winners along with the FY23 appropriations. The inability for HB2 licensees to operationalize in nearly three years highlights the capital access issues that plague our industry, particularly in the start-up phase. The State should seek to ensure the realization of their licenses awarded nearly three ago before further advancing licensure in state.

With regards to renewal fees, the same argument holds – using gross revenue as the applied metric discounts the impacts of 280e as well as penalizes success, disincentivizing entrepreneurs to succeed, due to the gouging measures proposed. Furthermore, with cannabis being moved under the ATC, it's disingenuous to creates such an egregious on-going renewal fee structure when alcohol licensees pay moderate flat renewal fees.

Attachments provided highlight fees structures from Illinois, New Jersey, Massachusetts Michigan, and Arizona. All states who launched adult use programs following the establishment of a medical program. We believe this further highlights the inequity of what is proposed in legislation and recommend the State attenuates these fees to more appropriate amounts.

#### **IV. DISPENSARY OWNERSHIP INTEREST**

We do not agree with the reduction of ownership interest relative to dispensaries from the current law of four to two for the following reasons:

1. The majority of MSOs are already in the state and have met their max of four dispensaries so any future licenses would not be impacted by their consumption.



2. No different than the MSO's, Curio wants to **preserve the right of businesses to expand** their operations and partnership opportunities in the future.
3. If the state seeks to **create generational wealth** for new licensees than the creation of a **retail (dispensary) chain is an optimal opportunity**. Thus, reduction to no more than two dispensaries per operator **removes a meaningful economic lever and generational wealth creation opportunity**.
4. Considering the proposition of adding up to 200 more dispensaries, with the current law in play, if all new ownership consolidated, which is highly unlikely, the state would be left with 50 competitors. Any given community does not have this many competitors for traditional products – grocery, coffee, home goods, etc.so the cannabis Industry should not be an outlier.
5. **The proposed reduction does not consider the consumer experience and the importance of consumer choice**. The reason that brands and chains proliferate is because consumers are given high quality repeatable experiences. The strength of the Maryland marketplace will be an accessible distribution of retail outlets that provide consumers with consistent, high-quality experiences that align with their values and economic needs.

We also recommend that with the activation of any new dispensary licenses, **HB2 pre-approved Cultivators are designated a dispensary license**. This allows their opportunity to **mirror that of the 2016 pre-approved cultivators and ensure a point of distribution** from day one.

With the above considered, we respectfully suggest the bill reverts to current law as highlighted here:

Page 38 Lines 15-18

(I) FOR STANDARD LICENSES AND MICRO LICENSES:

1. ONE GROWER LICENSEE; **WITH GROWER LIMITED TO ONE PHYSICAL LOCATION REGARDLESS OF CANOPY SIZE.**
2. ONE PROCESSOR LICENSEE; AND
3. NOT MORE THAN ~~TWO~~ **FOUR** DISPENSARY LICENSEES;



## V. ADVERTISING

**The medical cannabis program has served the state for five years without incident or obscenity when it comes to advertising.** The Commission went through an arduous process in 2018 resulting in a final draft of advertising regulations that are fair and equitable. **The changes proposed in the bill not only compromise a licensee’s ability to fairly market their business, educate and attract customers, they also regulate areas of media where constraints are not warranted.**

Taking the latter first, given the federal-state conflict **there a very limited number of outlets a cannabis company can engage in traditional advertising.** Television and radio are not viable outlets as networks and conglomerates will not allow cannabis advertising on their channels. Similarly, social media platforms have highly restrictive community guidelines that make it increasingly hard to feature a cannabis business or brand and direct advertising is virtually not allowed – i.e., they will not allow you to buy ads on their sites, just like the TV and Radio networks.

**With regards to billboards and other forms of signage, we do not support the proposed changes.** This type of advertising has been **effectively used for five years within the confines of the laws** to ensure the images portrayed are not indecent or obscene. It also has **provided a countless number of vendors, printers, and sign companies a new and valuable revenue stream** -- an example of the offshoot economic impact our industry provides.

Nonetheless, **the ability to advertise through any given outlet should be the right of the media company to decide. Therefore, the state should be focused on providing parameters that ensure factual and tasteful messaging that is neither attractive to minors, nor usurps any established brand, and a regulator who punishes those who do not comply.**

With the above considered, we respectfully submit the bill reverts to current law as highlighted here:

Page 65 Lines 11 – 15

(3) ENGAGE IN ADVERTISING BY MEANS OF TELEVISION, RADIO, INTERNET, MOBILE APPLICATION, SOCIAL MEDIA, OR OTHER ELECTRONIC COMMUNICATION, OR PRINT PUBLICATION, UNLESS AT LEAST ~~85%~~ **75%** OF THE AUDIENCE IS REASONABLY EXPECTED TO BE AT LEAST 21 YEARS OLD AS DETERMINED BY RELIABLE AND CURRENT AUDIENCE COMPOSITION DATA; OR



~~(4) ENGAGE IN ADVERTISING BY MEANS OF PLACING AN ADVERTISEMENT ON THE SIDE OF A BUILDING OR ANOTHER PUBLICLY VISIBLE LOCATION OF ANY FORM, INCLUDING A SIGN, A POSTER, A PLACARD, A DEVICE, A GRAPHIC DISPLAY, AN OUTDOOR BILLBOARD, OR A FREESTANDING SIGNBOARD.~~

**CONSIDER REPLACING WITH CURRENT GUIDANCE ON SIGNAGE:** DO NOT place ads within 500 feet of a: School, Licensed Child Care Facility (including registered home childcare centers), Substance Abuse or Treatment Facility, Library or Recreation Center, Public Park, or Playground (This does not apply to ads placed on property owned or leased by a grower, processor, or dispensary).

## **VI. TRANSFER OF OWNERSHIP**

The proposal of a **five-year lock for any converted license should be rescinded**. Current operators were incentivized to apply for licenses in 2015 under a specific set of parameters and subsequently raised capital and built businesses of this outline. Shortly into the legalized program, the state changed the game locking up licenses for a period of three years. It is an overreach to reinstate a new moratorium period with conversion to a comprehensive license. This constraint restricts licensees, existing or future, from making the most basic but important business decision they may face: when to buy or sell their business.

Due to federal constraints, capitalizing the cannabis industry is incredibly challenging, with many traditional banks and investors wary of taking this risk. If we want a truly robust adult use market in Maryland, we need to have flexibility for partnership and investment. Like the negative impacts of excessive canopy and over-licensing, **license lockup is a negative signal to the investor community**. This is another parameter that has **already had outside investors** stating they are **not interested in supporting current or future Maryland licensees**.

With the above considered, we respectfully submit the bill rescinds language provided below:

~~(C) (1) A CANNABIS LICENSEE, INCLUDING A CANNABIS LICENSEE WHOSE LICENSE WAS CONVERTED IN ACCORDANCE WITH § 36-401 OF THIS TITLE, MAY NOT TRANSFER OWNERSHIP OR CONTROL OF THE LICENSE FOR A PERIOD OF AT LEAST 5 YEARS FOLLOWING LICENSURE.~~



## VII. FUND PARTICIPATION

In 2020, Curio Wellness announced the formation of a \$30MM Fund to support women, minority, and disabled veteran dispensary entrepreneurs. This Maryland founded initiative is rooted in increasing industry diversity via investment opportunities and licensed operations. The Fund itself has nearly 40% diverse investors, part of the value proposition to have diverse entrepreneurs investing in diverse licensees. From a licensed operations perspective, the franchise provides prospective and/or existing dispensary licensees with a proven retail model and related operational support. In an industry where access to capital is the biggest hurdle to success, this fund is a revolutionary approach to solving financial constraints while increasing diverse participation.

Far & Dotter is currently launching its first **fund-supported** dispensary licensee in **Mississippi** with **candidates to follow in New Jersey and Massachusetts**. As a **Maryland based company**, the organization would **very much like to bring the financial support of the Fund to Maryland entrepreneurs**.

With the above considered, we recommend the following alterations:

Page 39 Lines 1 – 4

(II) THE DIVISION SHALL ADOPT REGULATIONS **TO ALLOW** ~~LIMITING~~ A PERSON OR FUND **TO ACQUIRE** ~~FROM ACQUIRING~~ A NONMAJORITY OWNERSHIP INTEREST IN MULTIPLE CANNABIS BUSINESSES BEYOND THE LIMITATIONS ESTABLISHED UNDER THIS SUBSECTION.

(FF) "SOCIAL EQUITY APPLICANT" MEANS AN APPLICANT FOR A CANNABIS 11 LICENSE OR CANNABIS REGISTRATION THAT:

(1) HAS AT LEAST **60**~~65~~% OWNERSHIP AND CONTROL HELD BY ONE OR 13 MORE INDIVIDUALS WHO:

(I) HAVE LIVED IN A DISPROPORTIONATELY IMPACTED AREA FOR AT LEAST 5 OF THE 10 YEARS IMMEDIATELY PRECEDING THE SUBMISSION OF THE APPLICATION; OR

(II) ATTENDED A PUBLIC SCHOOL IN A DISPROPORTIONATELY IMPACTED AREA FOR AT LEAST 5 YEARS; OR

(2) MEETS ANY OTHER CRITERIA ESTABLISHED BY THE COMMISSION BASED ON THE RESULTS OF A DISPARITY STUDY



## **CONCLUSION**

Over the past five and half years, **Curio has done exactly what we said we would do in our application to obtain a medical cannabis grower license here in Maryland.** Not only have we remained steadfast in our promise to deliver high quality, safe and innovative medical cannabis to Maryland's certified patient population through constant research and development, but we have also maintained a constant drive to reinvest in our people, processes, and products. As Maryland adopts an adult use system, Curio Wellness would like to lend its experience as industry leader in the medical market to help develop diverse, successful, and economically viable adult use and medical programs.

For more information, please contact:

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Attachments:

- Ernst & Young, The Cannabis Capital Flow
- Ernst & Young, 2023 Cannabis CEO Survey Report
- Cannabis Industry Articles \_ Economic Climate & Decline\_2019 to 2023
- State Comparison \_ Medical to AU Fee Schedules
- NJ CRC Fee Schedule

